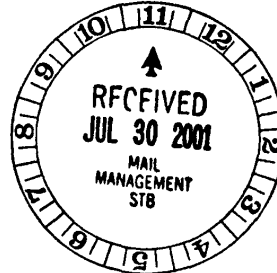


CORPORATE HEADQUARTERS

6860 West Snowville Road
Suite 110
Brecksville, Ohio 44141
(440) 546-7400
(800) 338-4585
(440) 546-7406 Fax

July 13, 2001

RECORDATION NO. 22664-C FILED
JUL 30 '01 11-16 AM
SURFACE TRANSPORTATION BOARD



Mr. Robert Link
Surface Transportation Board
1925 K Street NW
Washington, DC 20423

Re: Security interest filing for Locomotive Equipment Lease dated May 19, 1999 (STB recordation number 22664)

Dear Mr. Link,

Please find enclosed three certified copies of the Memorandum of Assignment and Assumption Agreement dated as of July 11, 2001 between Sky Bank – Mid Am Region and Preferred Capital, Inc.

This relates to the assignment to Sky Bank – Mid Am Region of the above referenced lease, originally between DJJ Transportation Services, Inc. as Lessor and Cargill Incorporated, as Lessee.

That Lease was assigned STB recordation number 22664.

The Lease was subsequently sold and assigned to Preferred Capital, Inc. A Memorandum of Assignment and Assumption dated as of February 16, 2001 between DJJ Transportation Services, Inc. and Preferred Capital, Inc. was submitted to your office for recordation.

I am providing this information in order to perfect a continuing first security interest in the Equipment for financing purposes. Enclosed is a check for \$26.00 for the recordation fee. Please return two of the originals to me.

If you have any questions, please call me at 440-546-7400 x105.

Sincerely,

J. Jeffrey Eakin
Senior Vice President and Secretary

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 20th day of July 2001 by Michele L. Rayke.

Notary Signature

My commission expires:

Michele L. Rayke
Notary Public, State of Ohio
Qualified in Summit County
Commission Expires April 23, 2003



CORPORATE HEADQUARTERS

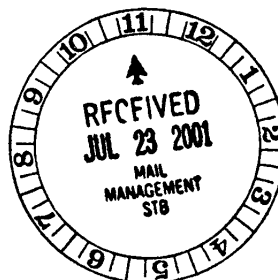
6860 West Snowville Road
Suite 110
Brecksville, Ohio 44141
(440) 546-7400
(800) 338-4585
(440) 546-7406 Fax

RECORDATION NO. 22664-C FILED

July 13, 2001

JUL 30 '01 11:16 AM

SURFACE TRANSPORTATION BOARD



Mr. Robert Link
Surface Transportation Board
1925 K Street NW
Washington, DC 20423

Re: Security interest filing for Locomotive Equipment Lease dated May 19, 1999 (STB recordation number 22664)

Dear Mr. Link,

Please find enclosed three certified copies of the Memorandum of Assignment and Assumption Agreement dated as of July 11, 2001 between Sky Bank – Mid Am Region and Preferred Capital, Inc.

This relates to the assignment to Sky Bank – Mid Am Region of the above referenced lease, originally between DJJ Transportation Services, Inc. as Lessor and Cargill Incorporated, as Lessee.

That Lease was assigned STB recordation number 22664.

The Lease was subsequently sold and assigned to Preferred Capital, Inc. A Memorandum of Assignment and Assumption dated as of February 16, 2001 between DJJ Transportation Services, Inc. and Preferred Capital, Inc. was submitted to your office for recordation.

I am providing this information in order to perfect a continuing first security interest in the Equipment for financing purposes. Enclosed is a check for \$26.00 for the recordation fee. Please return two of the originals to me.

If you have any questions, please call me at 440-546-7400 x105.

Sincerely,

J. Jeffrey Eakin
Senior Vice President and Secretary

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 20th day of July 2001 by Michele L. Rayke.

Notary Signature

My commission expires:

Michele L. Rayke
Notary Public, State of Ohio
Qualified in Summit County
Commission Expires April 23, 2003

MEMORANDUM OF ASSIGNMENT AND SECURITY AGREEMENT

This Memorandum of Assignment and Security Agreement is made and entered into as of July 11, 2001, by and between PREFERRED CAPITAL, INC., an Ohio corporation with offices a 6860 West Snowville Road, Suite 110, Brecksville, Ohio 44141 ("Assignor") and SKY BANK – MID AM REGION, a state banking association with offices at 519 Madison Avenue, Toledo, Ohio ("Assignee").

WITNESSETH:

1. Assignor has agreed to assign to Assignee that certain lease agreement dated May 19, 1999, between Assignor, as Lessor, and Cargill Incorporated, as Lessee, for one (1) Locomotive bearing the railroad reporting markings set forth in Schedule I.
2. This Memorandum of Assignment and Security Agreement shall be effective as of the date first set forth below and shall be subject to the Lease Term, as defined in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Assignment and Security Agreement to be executed and delivered by their duly authorized representatives as of the date set forth above and shall be effective as of July 12, 2001.

RECORDATION NO. 22664-C FILED

JUL 30 '01 11:16 AM

SURFACE TRANSPORTATION BOARD

PREFERRED CAPITAL, INC.

By: 

Name: Kenneth A. Rabatin

Title: Vice President and Treasurer

SKY BANK – MID AM REGION

By: 

Name: Stephan H. Kurkul

Title: Vice President

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

On this 11th day of July 2001, before me the subscriber, Pamela S. Seeker, a Notary Public, duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named Kenneth A. Rabatin, to me personally known, who stated and acknowledged that he/she is the Vice President and Treasurer of PREFERRED CAPITAL, INC., an Ohio corporation, and duly authorized by authority of the Board of Directors or By-laws of said corporation in his/her capacity as such officer to execute and acknowledge this document for and in the name and on behalf of said corporation and further stated and acknowledged that he/she has so signed, executed and delivered this document as the free and voluntary act and deed of said corporation, for the consideration, uses and purposes therein mentioned and set forth and desired that the same might be recorded as such.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 11th day of July 2001.

Rosalee S. Secker
Notary signature

My commission expires:

PAMELA S. SEEKER, Notary Public
State of Ohio
 My Commission Expires January 1, 2006

**SCHEDULE I
TO
MEMORANDUM OF ASSIGNMENT AND SECURITY AGREEMENT**

LOCOMOTIVE

One (1) Locomotive currently bearing reporting marks:

DJPX 139

Locomotive Equipment Lease: Dated May 19, 1999, between JOSEPH TRANSPORTATION SERVICES, INC., as Lessor (assigned to PREFERRED CAPITAL, INC. as of February 16, 2001) and CARGILL INCORPORATED, as Lessee.